



STAFF REPORT

DATE: August 6, 2019

TO: Ronald L. Olson, City Manager

FROM: Willie Resto, Executive Director of Information Technology

SUBJECT: Microsoft Enterprise Agreement

BACKGROUND AND FINDINGS:

The City's current versions of productivity software (Microsoft 2010, Exchange 2010, Server 2008, Windows 7) are at least three generations removed from the latest version. Replacement of this enterprise software has been a part of the infrastructure backlog for several years. Not replacing poses a number of security and compatibility risks, particularly corresponding with parties outside of the city. Microsoft no longer provides product support of these outdated versions and the City's workforce is unable to take advantage of new and advanced features and functionality available in the current software version.

Microsoft Corporation requires organizations who use their software to maintain proper licensing for computer and server operating systems, applications and desktop software. In support of this requirement, Microsoft offers several licensing models from single purchases used primarily by individuals and small organizations up to Enterprise Agreements (EAs) used by large organizations. This approach allows bundling of select products and services into a single program that gives the flexibility and control to optimize software licensing needs for organizational and customer benefit.

The City's Enterprise Agreement Comprehensive licensing and technical support model that provides a variety of benefits, including:

- Regular software upgrades cost (software assurance) for any and all new release of Office applications, Windows desktop operating systems, server product licensing, SharePoint and other specialized software at no additional cost during the term of the agreement
- Fixed pricing provides the ability to predict annual budgetary impacts over multiple years
- Ability to globally manage products, licensing entitlement and service in the City's environment through the use of system management and deployment tools
- Streamlines the license purchasing process to ensure timely delivery of IT projects and
- Allows the City to add or remove various products at any time as technology needs evolve through an annual "true-up" payment using discounted pricing established at the start of the agreement.

THE ALTERNATIVES CONSIDERED:

1. Do not purchase software licenses and continue to be three generations behind and out of licensing compliance.
2. Purchase traditional on-premise Microsoft Office, Exchange Server (Email), Windows 10 and Server Client Access Licensing productivity software: The one-time cost will be approximately \$640,000 for the licensing alone and \$100,000 for hardware equipment. The City would be required to invest in considerable hardware to store and retain data at the same levels as Microsoft.
3. Enter into a Microsoft Enterprise License Agreement for a 3-year term for \$482,267.

Changing from a Microsoft solution is not considered practical due to the cost of implementation, data conversion, and training required.

Which alternative is recommended? Why?

Staff recommends the Microsoft Enterprise Agreement solution because it will assist the City through the use of technology to become more productive with current software versions and assures the City will be compliant of Microsoft's licensing requirements. This agreement will allow controls over software licensing elements to manage software assets and to pass compliance audits while maintaining the most cost-effective program for the City.

CONFORMITY TO CITY POLICY:

The City of Killeen is a member of several purchasing cooperatives that are in compliance with the Texas Local Government Code section 271.102. Purchases made through a cooperative satisfy the competitive bid requirement.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The FY19 cost for the Microsoft Enterprise Agreement utilizing the Texas Directory of Information Resources (DIR) TSO 4092 contract is \$482,267.08. The cost will remain the same for the next two fiscal years.

Is this a one-time or recurring expenditure?

The Microsoft Enterprise Agreement is a recurring expense.

Is this expenditure budgeted?

Yes

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes, funds are available in the following accounts: 349-2705-419.61-40, 349-3435-432.69-05, 387-3435-432.69-05, 388-3465-439.69-05, and 375-3448-434.69-05.

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager, or designee to execute a contract for the procurement of Microsoft Enterprise Agreement from SHI Government Solutions using the DIR Contract, and further that that the City Manager, or designee be expressly authorized to execute any and all change orders or supplemental agreements within the amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Quote
Certificate of Interested Parties